



U.S. Department of Justice

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EVENT: Guilty Plea

Defendant: LoToya Cotton

FORMER STATE HOUSING AGENT PLEADS GUILTY TO FRAUD

LoToya Cotton, a former agent of the Michigan State Housing Development Authority ("MSHDA") pleaded guilty to one count of theft of federal funds in connection with obtaining more than one million dollars in federal money by defrauding MSHDA, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by Daniel D. Roberts, Special Agent In Charge of the Detroit Field Office of the Federal Bureau of Investigation and Brandy Westcot, Coordinator for the Michigan State Housing Development Authority.

U.S. Attorney Murphy said, "By stealing from a government fund set up solely to help low income individuals and families secure one of life's most important necessities -- dependable housing -- Cotton committed a serious felony that cuts against the expectations of integrity that Americans rightly hold about government administered programs. This office,

which has the unique resources necessary to fight program fraud, will continue our significant efforts that have historically been designed to root out public corruption. We will do all we can, everyday, to protect the integrity of government services.”

The fraud from MSHDA, a federally funded entity, occurred between 1994 and 2005. During that time, Cotton, 45, of Canton, worked as an agent for MSHDA. Her duties included arranging for State rental vouchers to be paid to low income tenants. Cotton committed the fraud by creating a straw company called “Washtenaw Payee Services” and directing voucher payments to a bank account in the company’s name, while claiming the payments were rent payments on behalf of indigent tenants.

Under the terms of the plea agreement between Cotton and the government, Cotton agrees to serve between 37 and 46 months in federal prison. Cotton must also forfeit her home and repay the amount obtained by fraud, namely, \$1,052,701. The maximum possible sentence is ten years imprisonment and a fine of \$250,000.

The case is being prosecuted by Assistant U.S. Attorney R. Michael Bullotta and investigated by the Federal Bureau of Investigation, the Michigan State Housing Development Authority, and the U.S. Bureau of Housing and Urban Development, Office of Inspector General.